

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 7486**

**BILL NUMBER:** HB 1202

**NOTE PREPARED:** Jan 6, 2003

**BILL AMENDED:**

**SUBJECT:** Sales Tax on Bundled Telecommunications Services.

**FIRST AUTHOR:** Rep. Frenz

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** ☒ GENERAL  
☒ DEDICATED  
FEDERAL

**IMPACT:** State

**Summary of Legislation:** This bill provides that in a sale of bundled telecommunications services, which include both taxable and nontaxable services under the law concerning the state Gross Retail Tax, the part of the services not ordinarily subject to the tax is taxable unless the provider of the services can identify the nontaxable part based on the books and records kept by the provider in the ordinary course of business. The bill provides that a customer may not rely on the fact that a part of the services provided are not ordinarily taxable unless the provider, upon written request by the customer, elects to provide data, based on the books and records kept by the provider in the ordinary course of business, that identify the nontaxable part.

**Effective Date:** Upon passage.

**Explanation of State Expenditures:**

**Explanation of State Revenues:** The bill could have a negligible positive impact on state Sales Tax revenue insofar as it clarifies that the purchase of a bundled telecommunications service containing both taxable and nontaxable services is subject to the state's Sales Tax.

Sales Tax revenue is deposited in the Property Tax Replacement Fund (50%), the State General Fund (49.192%), the Public Mass Transportation Fund (0.635%), the Commuter Rail Service Fund (0.14%), and the Industrial Rail Service Loan Fund (0.033%).

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Department of State Revenue

**Local Agencies Affected:**

**Information Sources:**

**Fiscal Analyst:** John Parkey, 317-232-9854